

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-08 EUR-12 ISO-00 L-03 TRSE-00 SP-02 USIA-06

AID-05 NSC-05 CIEP-01 SS-15 STR-04 OMB-01 CEA-01

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LAB-04 SIL-01 H-02 PA-01 PRS-01 /095 R

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AF/EPs:LWHITE (DRAFT)

L/EB:SBENSON

TREASURY:RANQUE

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P 302055Z AUG 76

FM SECSTATE WASHDC

TO AMEMBASSY ADDIS ABABA PRIORITY

AMEMBASSY NAIROBI PRIORITY

AMEMBASSY OSLO PRIORITY

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OSLO PASS TO WILSON

E.O. 11652:N/A

TAGS:EINV, ET

SUBJECT: MOSVOLD CO.

REF: (A) ADDIS ABABA 9719; (B) NAIROBI 8861

1. BEFORE PROVIDING MORE DETAILED OR FORMAL GUIDANCE ON
THE MOSVOLD MATTER, WE BELIEVE IT WOULD BE USEFUL TO ASSURE
THAT MOSVOLD IS A MAJORITY AMERICAN-OWNED COMPANY, (AND THAT
THE EPMG IS AWARE OF THIS) AND TO DEVELOP FULLER INFORMATION
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CONCERNING THE CIRCUMSTANCES OF THE CONFISCATION AND EPMG

INTENTIONS WITH RESPECT TO THE MOSVOLD PROPERTIES AND THE ATTENDANT CHARGES OF ILLEGAL OR IMPROPER ACTIVITIES. THE FOLLOWING TALKING POINTS ARE PROVIDED FOR THE GUIDANCE OF EMBASSY ADDIS IN DISCUSSING AND SEEKING TO CLARIFY THE SITUATION WITH APPROPRIATE EPMG OFFICIALS ASAP:

A. WE UNDERSTAND THAT ON AUGUST 16 THE EPMG CONFISCATED MOSVOLD CO. (ETHIOPIA) LTD., A MAJORITY AMERICAN-OWNED ENTERPRISE.

B. THIS ACTION WAS TAKEN IN THE CONTEXT OF ALLEGATIONS OF ILLEGAL OR IMPROPER ACTIVITIES ON THE PART OF THE COMPANY, ITS DIRECTORS, AND CERTAIN OF ITS AGENTS.

C. WE WERE SURPRISED BY THIS ACTION BY THE EPMG, AND WOULD APPRECIATE CLARIFICATION OF THE REASONS FOR IT, AND OF EPMG INTENTIONS WITH RESPECT TO THE MOSVOLD PROPERTIES.

D. IT IS THE VIEW OF THE USG THAT INTERNATIONAL LAW REQUIRES THAT ANY EXPROPRIATION OR CONFISCATION OF AMERICAN-OWNED PROPERTY ABROAD BE FOR A PUBLIC PURPOSE, NEITHER ARBITRARY NOR DISCRIMINATORY, AND ACCOMPANIED BY PAYMENT OF PROMPT, ADEQUATE, AND EFFECTIVE COMPENSATION.

E. THIS VIEW IS REFLECTED IN U.S. LEGISLATION CALLING FOR SUSPENSION OF BILATERAL ASSISTANCE, FOR NEGATIVE VOTES ON LOANS UNDER CONSIDERATION IN INTERNATIONAL DEVELOPMENT BANKS, AND FOR DENIAL OF TRADE PREFERENCES, TO COUNTRIES WHICH EXPROPRIATE AMERICAN-OWNED PROPERTY WITHOUT TAKING

THE REQUIRED STEPS TOWARD PAYMENT OF FAIR COMPENSATION.

F. WE WOULD ALSO APPRECIATE BEING INFORMED (AND, IF POSSIBLE, PROVIDED A COPY) OF THE BASIS IN ETHIOPIA LAW FOR THE CHARGES WHICH HAVE BEEN MADE, OF THE PENALTIES WHICH MAY BE APPLICABLE, AND OF ANY ETHIOPIAN LEGAL PROCEDURES BY WHICH MOSVOLD MAY BE ABLE TO CONTEST THE ALLEGATIONS AND THE CONFISCATION. WAS THE COMPANY PURSUING ANY SUCH PROCEDURES AT THE TIME THE CONFISCATION OCCURRED?

G. WE WOULD EXPECT THAT ANY PENALTIES IMPOSED UPON LIMITED OFFICIAL USE

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MOSVOLD UNDER ETHIOPIAN LAW WOULD BE CONSISTENT WITH THE REQUIREMENTS OF INTERNATIONAL LAW, AND WOULD RESULT FROM A PROCESS CALCULATED TO ASSURE A FAIR AND IMPARTIAL DETERMINATION OF WHETHER ANY ILLEGAL OR IMPROPER ACTS HAVE BEEN COMMITTED.

H. WE WOULD ALSO HOPE THAT THE VARIOUS ISSUES WHICH MAY ARISE FROM THE MOSVOLD CONFISCATION CAN BE RESOLVED WITHOUT

BECOMING A PROBLEM IN OUR BILATERAL RELATIONS.

2. FOR OSLO: WE WOULD APPRECIATE ANY COMMENTS WHICH
WILSON MAY HAVE ON THIS SITUATION AFTER MEETING WITH
MOSVOLD REPRESENTATIVES IN OSLO. KISSINGER

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